

Employees' Retirement System of Rhode Island Investment Expense Analysis

**FY 2013**

in \$000's

Asset Class / Type	Management Fees	Indirect Management	Subtotal Management	Indirect Performance	Total Investment Expense	Expense Ratio
Global Equity Indexes	\$2,654		<b>\$2,654</b>		<b>\$2,654</b>	0.04%
Equity Hedge Funds		8,883	<b>8,883</b>	15,881	<b>24,764</b>	0.33%
Private Equity	4,817	3,039	<b>7,855</b>	6,728	<b>14,583</b>	0.19%
Subtotal Equity/Growth	7,471	11,921	<b>19,392</b>	22,609	<b>42,002</b>	0.56%
Subtotal Fixed Income	1,722		<b>1,722</b>		<b>1,722</b>	0.02%
Real Estate	1,845	733	<b>2,578</b>	339	<b>2,917</b>	0.04%
Subtotal Real Assets	1,845	733	<b>2,578</b>	339	<b>2,917</b>	0.04%
Bank Loans/High Yield	347		<b>347</b>		<b>347</b>	0.00%
Inflation Linked Bonds	426		<b>426</b>		<b>426</b>	0.01%
Absolute Return Hedge Funds		9,595	<b>9,595</b>	10,991	<b>20,586</b>	0.27%
Subtotal Real Return	773	9,595	<b>10,368</b>	10,991	<b>21,359</b>	0.28%
Beta Overlay	307		<b>307</b>		<b>307</b>	0.00%
Cash		818	<b>818</b>		<b>818</b>	0.01%
Subtotal Other Managers	307	818	<b>1,125</b>		<b>1,125</b>	0.01%
<b>Subtotal Manager Expense</b>	<b>\$12,118</b>	<b>\$23,067</b>	<b>\$35,185</b>	<b>\$33,939</b>	<b>\$69,125</b>	<b>0.92%</b>
Expense Ratio	0.16%	0.31%	0.47%	0.45%	0.92%	
Consulting	\$802		<b>\$802</b>		<b>\$802</b>	0.01%
Custody	484		<b>484</b>		<b>484</b>	0.01%
Legal & Other	153		<b>153</b>		<b>153</b>	0.00%
Research	64		<b>64</b>		<b>64</b>	0.00%
Personnel / Operating	991		<b>991</b>		<b>991</b>	0.01%
<b>Subtotal Other Expenses</b>	<b>\$2,494</b>		<b>\$2,494</b>		<b>\$2,494</b>	<b>0.03%</b>
<b>Total Investment Expense</b>	<b>\$14,613</b>	<b>\$23,067</b>	<b>\$37,680</b>	<b>\$33,939</b>	<b>\$71,619</b>	<b>0.95%</b>
Expense Ratio	0.19%	0.31%	0.50%	0.45%	0.95%	

**Note:** The additional disclosure of indirect management and indirect performance fees included in this document exceeds GASB reporting requirements and is not common practice for public pension plans. As such, care should be taken when comparing these expenses relative to expense data included in the financial statements of other plans. Because indirect expenses are not readily separable from net investment income, the expenses disclosed here are provided on a best-efforts basis, intended to be used for illustrative purposes only.

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**FY 2013 Hedge Fund Managers**

in \$000's

Partnership	Date of Initial Investment	Year-End Assets	Fee Terms		Fees Paid*		Total Investment Expense
			Management	Performance	Indirect Management	Indirect Performance	
Global Equity Funds							
Ascend Partners Fund II	Nov-11	\$63,175	1.5%	20.0%	\$931	\$570	\$1,501
Davidson Kempner Institutional Partners LP	Nov-11	68,504	1.5%	20.0%	974	1,596	2,570
Elliott Associates LP	Nov-11	70,704	1.5%	20.0%	1,042	2,239	3,281
Indus Asia Pacific Fund LP	Jan-12	43,517	1.5%	20.0%	634	846	1,480
Mason Capital Ltd	Jan-12	64,782	1.5%	20.0%	890	1,195	2,085
PFM Diversified Offshore Fund LP	Mar-12	32,351	1.5%	17.5%	452	494	946
PFM Diversified Offshore Fund AI Ltd	Mar-12	32,189	1.5%	17.5%	452	464	916
Samlyn LP	Jan-12	71,407	2.0%	20.0%	1,313	2,549	3,861
Third Point Qualified LP	Jan-12	66,895	2.0%	20.0%	1,155	3,808	4,963
Viking Global Equities LP	Dec-11	72,611	1.5%	20.0%	1,040	2,121	3,162
Subtotal		\$586,135			\$8,883	\$15,881	\$24,764
Absolute Return Funds							
BlueCrest Capital LP	Jan-12	\$20,652	2.0%	20.0%	\$424	\$290	\$714
Brevan Howard LP	Nov-11	81,446	2.0%	25.0%	1,602	866	2,467
Brigade Leveraged Capital Structures Fund LP	Mar-12	53,252	1.5%	20.0%	739	629	1,367
Capula Global Relative Value Fund Ltd	Dec-11	51,684	2.0%	20.0%	1,017	421	1,438
Claren Road Credit Master Fund Ltd	Apr-13	51,034	1.5%	20.0%	188	258	446
DE Shaw Composite International Fund	Nov-11	66,463	2.5%	25.0%	1,475	3,850	5,325
Gracie Credit Opportunities Fund LP	Dec-11	0	2.0%	20.0%	508	0	508
Graham Discretionary 6V Fund	Jan-12	53,031	2.0%	20.0%	1,040	482	1,523
OZ Domestic Fund II LP	Nov-11	90,349	2.0%	20.0%	1,679	2,954	4,633
Wexford Spectrum Fund LP	Jan-12	0	1.5%	20.0%	648	1,122	1,770
Winton Futures Fund Ltd	Dec-11	30,631	1.0%	20.0%	276	119	395
Subtotal		\$498,540			\$9,595	\$10,991	\$20,586
Total		\$1,084,675			\$18,477	\$26,873	\$45,350

\* **Note:** "Fees Paid" column details actual fees incurred, inception through 6/30/2012. Since funds were added to the portfolio at different times throughout the 2012 fiscal year, line items represent partial year expenses over different time frames and are not readily comparable. The additional disclosure of indirect management and indirect performance fees included in this document exceeds GASB reporting requirements and is not common practice for public pension plans. As such, care should be taken when comparing these expenses relative to expense data included in the financial statements of other plans. Because indirect expenses are not readily separable from net investment income, the expenses disclosed here are provided on a best-efforts basis, intended to be used for illustrative purposes only.